

114TH CONGRESS  
1ST SESSION

# S. 1413

To amend the Internal Revenue Code of 1986 to improve compliance in higher education tax benefits.

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IN THE SENATE OF THE UNITED STATES

MAY 21, 2015

Mr. COATS (for himself and Mr. HATCH) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to improve compliance in higher education tax benefits.

1       *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**3 SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Higher Education Tax Benefit Compliance Improvement Act”.

1       **SEC. 2. WAIVER OF PENALTIES FOR CERTAIN FAILURES RE-**  
2                   **LATING TO INFORMATION RETURNS FOR**  
3                   **HIGHER EDUCATION TUITION AND RELATED**  
4                   **EXPENSES.**

5       (a) IN GENERAL.—Section 6724 of the Internal Rev-  
6 enue Code of 1986 is amended by adding at the end the  
7 following new subsection:

8       “(f) SPECIAL RULES FOR RETURNS RELATED TO  
9 HIGHER EDUCATION TUITION AND RELATED EX-  
10 PENSES.—Section 6721 shall not apply to any failure by  
11 an eligible educational institution (as defined in section  
12 25A) to provide the TIN of an individual described in sec-  
13 tion 6050S(b)(2)(A) on any information return described  
14 in subsection (d)(1)(B)(xii) if the person required to file  
15 the return certifies under penalty of perjury that such per-  
16 son has complied with standards promulgated by the Sec-  
17 retary for obtaining the individual’s TIN, unless it is  
18 shown that such certification is materially untrue.”.

19       (b) EFFECTIVE DATE.—The amendment made by  
20 this section shall apply to returns filed after the date of  
21 the enactment of this Act.

22       **SEC. 3. PAYEE STATEMENT REQUIRED TO CLAIM CERTAIN**  
23                   **EDUCATION TAX BENEFITS.**

24       (a) AMERICAN OPPORTUNITY CREDIT, HOPE SCHOL-  
25 ARSHIP CREDIT, AND LIFETIME LEARNING CREDIT.—

1                             (1) IN GENERAL.—Subsection (g) of section  
2                             25A of the Internal Revenue Code of 1986 is  
3                             amended by adding at the end the following new  
4                             paragraph:

5                             “(8) PAYEE STATEMENT REQUIREMENT.—No  
6                             credit shall be allowed under this section for any  
7                             qualified tuition and related expenses paid by the  
8                             taxpayer unless—

9                             “(A) the taxpayer has received a statement  
10                             provided under section 6050S(d) which contains  
11                             the TIN of the individual for whom a payment  
12                             of qualified tuition and related expenses was  
13                             made, or

14                             “(B) in any case in which—

15                             “(i) the qualified tuition and related  
16                             expenses are for a course for which aca-  
17                             demic credit is not offered by the eligible  
18                             educational institution, or

19                             “(ii) the eligible educational institu-  
20                             tion does not provide the taxpayer with a  
21                             statement described in subparagraph (A)  
22                             with respect to such qualified tuition and  
23                             related expenses,

1           the taxpayer maintains a record, in such form  
2           and manner as prescribed by the Secretary,  
3           showing the date and amount of the expenses.”.

4           (2) CONFORMING AMENDMENT.—Paragraph (3)  
5           of section 25A(g) of such Code is amended by add-  
6           ing at the end the following flush sentence:

7           “For purposes of paragraph (8), a statement de-  
8           scribed in paragraph (8)(A) which is received by  
9           such individual shall be treated as received by such  
10          other taxpayer.”.

11          (b) DEDUCTION FOR QUALIFIED TUITION AND RE-  
12          LATED EXPENSES.—

13           (1) IN GENERAL.—Subsection (d) of section  
14          222 of the Internal Revenue Code of 1986 is amend-  
15          ed by redesignating paragraph (6) as paragraph (7)  
16          and by inserting after paragraph (5) the following  
17          new paragraph:

18           “(6) PAYEE STATEMENT REQUIREMENT.—No  
19          deduction shall be allowed under this section for any  
20          qualified tuition and related expenses paid by the  
21          taxpayer unless—

22           “(A) the taxpayer has received a statement  
23          provided under section 6050S(d) which contains  
24          the TIN of the individual to whom a payment

1           of qualified tuition and related expenses was  
2           made, or

3           “(B) in any case in which—

4               “(i) the qualified tuition and related  
5               expenses are for a course for which aca-  
6               demic credit is not offered by the eligible  
7               educational institution, or

8               “(ii) the eligible educational institu-  
9               tion does not provide the taxpayer with a  
10              statement described in subparagraph (A)  
11              with respect to such qualified tuition and  
12              related expenses,

13              the taxpayer maintains a record, in such form  
14              and manner as prescribed by the Secretary,  
15              showing the date and amount of the expenses.”.

16           (2) CONFORMING AMENDMENT.—Paragraph (3)  
17           of section 222(c) of such Code is amended by adding  
18           at the end the following sentence: “For purposes of  
19           paragraph (6), a statement described in paragraph  
20           (6)(A) which is received by such individual shall be  
21           treated as received by such other taxpayer.”.

22           (c) EFFECTIVE DATE.—The amendments made by  
23           this section shall apply to taxable years beginning after  
24           the date of the enactment of this Act.

